

City of San José

Coyote Valley Specific Plan

Summary of Affordable Housing Focus Group Meeting #2

September 9, 2005

200 E. Santa Clara Street, Room T332

Affordable Housing Focus Group Members Present

Chris Block (CHDC), Mary Hughes (Habitat for Humanity), Connie Langford (CSJ Senior Citizens Commission), Evelyn Stivers (NPH), Lydia Tan (BRIDGE Housing), Dan Hancock (Shapell), Eric Wieggers (TCAA), Kerry Williams (Coyote Housing Group), Shiloh Ballard (SVLG), and Beverly Bryant (HBANC)

City Staff Present

Laurel Prevetti (PBCE), Sal Yakubu (PBCE), Susan Walsh (PBCE), Sylvia Do (PBCE), Leslye Krutko (Housing), Mike Meyer (Housing), Karen Wing (Housing), and Rebecca Flores (Housing).

Consultants Present

Doug Dahlin (Dahlin Group), Darin Smith (Economic and Planning Systems), and Eileen Goodwin (Apex Strategies).

1. Welcome and Introductions

Eileen Goodwin, with Apex Strategies, welcomed everyone to the Coyote Valley Specific Plan (CVSP) affordable housing focus group meeting. The meeting began with introductions around the room.

2. Agenda Review and Meeting Purpose

Eileen reviewed the meeting agenda. The purpose of the meeting was to discuss the development of an affordable housing strategy for the CVSP.

3. Review Background Materials

a. Consolidated Plan

Rebecca Flores, with the Housing Department, indicated that the Consolidated Plan (ConPlan) was formerly known as the Comprehensive Housing Authority Strategy (CHAS). The ConPlan outlines the City's strategy for addressing its housing and community development needs. Rebecca reviewed a handout that summarized the City's priorities and strategies for maintaining and expanding the supply of affordable rental and affordable ownership housing, ending and preventing homelessness, and assisting the special needs population.

b. On Common Ground Report

Beverly Bryant, with the Home Builders Association of Northern California (HBANC), presented *On Common Ground: Joint Principles on Inclusionary Housing Policies*, a joint policy brief prepared by the Non-Profit Housing Association of Northern California (NPH) and HBANC. The report includes the key principles of inclusionary housing upon which both organizations agree, and recommendations for jurisdictions with inclusionary housing programs.

- Focus group members indicated that *On Common Ground* was a good resource.

c. Sample Affordable Housing Sites

Doug Dahlin, with Dahlin Group, reviewed the CVSP conceptual land use plan. He explained that there would be more dense development along the transit system. Most affordable units would be located within 0.25 miles of amenities such as transit, retail, etc.

Focus group members provided the following comments:

- Are there any sub-standard sites in Coyote Valley? *No, although a buffering strategy would be used in some areas along the railroad tracks and Monterey Road*
- In terms of affordable housing, price is important, not location.
- Recommended against having all affordable housing in one area.
- Affordable units need access to amenities such as transit, retail, parks, health clinics, etc. Need to identify sites with access to multiple amenities in order to be competitive to receive state funding.
- How many units would be above 30 dwelling units per acre (DU/AC)? *Doug stated that there would be about 8,000 units with densities greater than 30 DU/AC.*
- Need affordable housing for incomes ranging from moderate (MOD) to extremely low income (ELI).

4. Affordable Housing Development

The focus group discussed the following draft strategies for affordable housing development:

Model IA: State Law for Inclusionary Housing

State law requires that at least 15 percent of all new and substantially rehabilitated dwelling units in redevelopment project areas be affordable. At least 9 percent of all units are required to be low-income (LI) and 6 percent are required to be very low-income (VLI).

Focus group members provided the following comments:

- Indication that the City provides subsidies for 100 percent affordable housing projects, regardless of whether it is located in a redevelopment project area or not.
- Concerned that if the City subsidizes the 5,000 affordable units in Coyote Valley, 5,000 units in other parts of the City would not be built.
- The CVSP Task Force supports permitting City and Redevelopment Agency subsidy for ELI and VLI units. The Task Force did not specify which City funds could be used.
- *On Common Ground* lists additional ways in which the City can contribute to the creation of affordable housing.

Model IB: Inclusionary Housing Approach for the Hitachi Site

The City Council approved an amended inclusionary housing approach for the Hitachi site:

- a. 20 percent of all units shall be affordable units. Separate “set-aside” projects are permitted when they provide for deeper affordability.
- b. Rental projects: At least 8 percent shall be VLI and 12 percent shall be LI. (Moderate income units will not be counted toward meeting the 20 percent requirement.)
- c. For sale projects: At least 20 percent shall be MOD and LI units.

Although this strategy has not been implemented yet, it is the City’s most recent inclusionary housing approach.

Model II: Creation of a Land Trust

Land dedication by developers with a land trust to manage the development and construction of the affordable units.

Focus group members provided the following comments regarding the land trust:

- Expressed interest in the land trust model.
- Likes the land trust model because it is efficient.
- There is enough room to do both the inclusionary housing and land trust models.
- Allows affordable units to be built by experienced developers.
- Suggested a review process to get affordable housing on a competitive basis. Take proposals for each designated site, and have criteria based on affordability level, design, experience, etc.
- Recommended against creating a new entity. Recommended allowing an existing entity to administer the land trust, such as the City’s Housing Department.

Other Considerations

- a. "Set-aside" projects must be on parcels that are comparable in desirability, accessibility, and developability. Owner may be required to provide additional subsidy to achieve income targeting and affordability requirements.
- b. Consider construction of affordable units off-site at a ratio of 2:1 to discourage set-aside parcels.
- c. In lieu fees may be considered only on small sites (e.g. within the existing subdivisions at Dougherty Avenue and Lantz Drive).

Focus group members provided the following questions and comments regarding affordable housing development:

- The 20 percent affordable housing objective is good.
- Would like affordable housing goals and objectives to be more data driven.
- Need to set a policy, but also leave flexibility for experts and individual projects.
- What additional strategies would be used to achieve the affordable housing goals and objectives? Need more than dedicated land.
- Some cities do affordable housing overlay zoning.
- City of Carlsbad does affordable units upfront before market rate and sells them later.
- Providing a density bonus as an incentive for affordable housing would not work since there is not a density cap in Coyote Valley.
- Who will fill in the gap? The developers or the City?
- What is the affordability requirement for developers?
- What is a reasonable burden for developers? What is a reasonable burden for the City?
- What is meant by "developers will take care of MOD units?" *Developers can deliver MOD units by way of modest underwriting, design, etc.*
- Also need to have MOD and LI units. Cannot do 100 percent VLI and ELI units.
- The only way to provide VLI units is provide a deeper subsidy.
- Need a variety of funding sources if we want ELI units. Affordable housing is a community-wide issue and should not only be financed by developers. Developers are prepared to dedicate land, but additional funding sources are needed to achieve the overall goals and objectives of affordable housing.
- Affordable housing needs on-going management to be successful in the long-term.
- Ownership units are doable. The only problem is getting the land at a reduced fee.
- Deed restriction is not an issue.
- How does second generation turn over for ownership units work? *A death of the applicant or co-applicant triggers an evaluation of the surviving children. If the children qualify for affordable housing, they can get the home and keep the equity. If the child does not qualify, the house goes to another family.*
- Habitat for Humanity builds ten homes per year. Habitat for Humanity is moving towards building townhouse units. They are also interested in building stacked condominiums.
- How many units will be available for senior housing? *Senior housing could be provided at all affordable levels.*
- What is the eligible age for senior housing? *55 years old.*

The focus group discussed distributing affordability goals as follows:

Affordability Level	Affordability Goal %	# Bdrm(s)	Ownership 20%	Rental 80%	Rental (HAC) 80%
MOD	15%	4	75% (750 units)	-	-
		3			
		2			
		1			
LI	25%	4	25% (250 units)	40% (1,600 units)	-
		3			
		2			
VLI	60%	4		60% (2,400 units)	30% (1,200 units)
		3			
		2			
		1			
ELI	-	3	-	30% (1,200 units)	
		2			
		1			
Total Units			1,000	4,000	

5. Next Steps

Housing and Planning staff and consultants will identify potential affordable housing sites. Mike Meyer, Deputy Director with the City Housing Department, will provide supporting data.